

PUBLIC RETIREMENT SYSTEMS—REVIEW**CHAPTER 766¹²**

H. B. No. 1506

*An Act relating to review of public retirement systems.**Be it enacted by the Legislature of the State of Texas:***Definitions****Section 1.** In this Act:

(1) "Board" means the State Pension Review Board.

(2) "Public retirement system" means a continuing, organized program of service retirement, disability retirement, or death benefits for officers or employees of the state or a political subdivision, and includes the optional retirement program established by Chapter 51, Texas Education Code, as amended, but does not include a program, other than the optional retirement program, for which benefits are administered by a life insurance company, a program providing only workers' compensation benefits, or a program administered by the federal government.

Board**Sec. 2.** The State Pension Review Board is established.**Membership and terms****Sec. 3.** (a) The board is composed of nine members. Seven shall be appointed by the governor with the advice and consent of the senate.

(b) Three persons appointed to the board must have experience in the fields of securities investment, pension administration, or pension law but may not be active or retired members of a public retirement system. Another person appointed to the board must have experience in the field of actuarial science. Another person appointed must have experience in the field of governmental finance. Another person appointed must be an active member of a public retirement system. Another person appointed must be receiving retirement benefits from a public retirement system. One person must be a member of the house of representatives and shall be appointed by the speaker of the house. Another person must be a member of the senate and shall be appointed by the lieutenant governor. The qualifications provided by this subsection are required only at the time of appointment to the board.

(c) Members of the board hold office for staggered terms of six years, with the terms of three members expiring on January 31 of each odd-numbered year.

Officers and meetings**Sec. 4.** (a) The board shall select its presiding officers and adopt rules for the conduct of its business.

52. Vernon's Ann.Civ.St. art. 6228m, §§ 1 to 10.

(b) The board shall meet at least three times each year and may meet at other times at the call of the presiding officer or as provided by board rule. Five members constitute a quorum.

Finances and staff

Sec. 5. (a) A member of the board serves without compensation but is entitled to reimbursement by the state for actual and necessary expenses incurred in performing the functions of the board.

(b) The legislature may appropriate funds from the General Revenue Fund to the board for the payment of staff salaries and operating expenses of the board.

(c) The board may employ an executive director who is the executive head of the board and performs its administrative duties. The executive director may employ staff members necessary for administering the functions of the board and may set staff salaries, within the limits of appropriated funds and subject to the approval of the board.

(d) The board may request and use staff assistance, equipment, and office space from the Employees Retirement System of Texas.

Application of Sunset Act

Sec. 6. The board is subject to the Texas Sunset Act (Article 5429k, Vernon's Texas Civil Statutes). Unless the board is continued in existence as provided by that Act, the board is abolished effective September 1, 1991.

Powers and duties

Sec. 7. (a) The board shall:

(1) conduct a continuing review of public retirement systems, compiling and comparing information about benefits, creditable service, financing, and administration of systems;

(2) conduct intensive studies of potential or existing problems that threaten the actuarial soundness of or inhibit an equitable distribution of benefits in one or more public retirement systems;

(3) provide information and technical assistance on pension planning to public retirement systems on request;

(4) recommend policies, practices, and legislation to public retirement systems and appropriate governmental entities; and

(5) present to the legislature and the governor, in November of each even-numbered year, a public report explaining the work and findings of the board during the preceding two-year period and including drafts or recommendations of any legislation relating to public retirement systems that the board finds advisable.

(b) In performing its functions under this Act, the board may inspect the books, records, or accounts of a public retirement system during business hours of the system. The board, if reasonably necessary in the course of performing a function under this Act, may subpoena witnesses or books, records, or other documents. The presiding officer of the board shall issue, in the name of the board, only such subpoenas as a majority of the board may direct.

(c) A peace officer shall serve a subpoena issued by the board. If the person to whom a subpoena is directed fails to comply, the board may bring suit to enforce the subpoena in a district court of the county in

which the witness resides or in the county in which the books, records, or other documents are located. If the district court determines that good cause exists for issuance of the subpoena, the court shall order compliance. The district court may modify the requirements of a subpoena that the court determines are unreasonable. Failure to obey the order of the district court is punishable as contempt. The attorney general shall represent the board in a suit to enforce a subpoena.

Actuarial analysis of legislation

Sec. 8. (a) When a bill or resolution that proposes to change benefits or participation in benefits of a public retirement system or that proposes to change a fund liability of a public retirement system is filed for introduction in either house of the legislature, the office in which the bill or resolution is filed shall send a copy of the bill or resolution to the board. The copy sent to the board must be accompanied by an actuarial analysis prepared by an actuary who is a fellow of the Society of Actuaries, a member of the American Academy of Actuaries, or an enrolled actuary under the federal Employees Retirement Income Security Act of 1974.

(b) The board may have a second actuary either review the actuarial analysis accompanying the bill or resolution or prepare a separate actuarial analysis. An actuary who reviews or prepares an analysis for the board under this subsection must have at least five years of experience as an actuary working with one or more public retirement systems and must be a fellow of the Society of Actuaries, a member of the American Academy of Actuaries, or an enrolled actuary under the federal Employees Retirement Income Security Act of 1974.

(c) An actuarial analysis must show the economic effect of the bill or resolution on the public retirement system, including a projection of the annual cost to the system of implementing the legislation for at least 10 years. If the bill or resolution applies to more than one public retirement system, the cost estimates in the analysis may be limited to each affected state-financed public retirement system and each affected public retirement system in a city having a population of 200,000 or more, according to the most recent federal census. An actuarial analysis shall state the actuarial assumptions and methods of computation used in the analysis and shall state whether or not the bill or resolution, if enacted, will make the affected public retirement system actuarially unsound using an advanced funding actuarial cost method or, in the case of a system already actuarially unsound, using an advanced funding actuarial cost method, more unsound.

(d) An actuarial analysis required by this section must be attached to the bill or resolution for which it is required before a committee hearing on the bill or resolution may be conducted. The actuarial analysis shall remain with the bill or resolution throughout the legislative process including the process of submission to the governor.

(e) A bill or resolution for which an actuarial analysis is required by this section is exempt from the requirement of a fiscal note as provided by Chapter 284, Acts of the 63rd Legislature, Regular Session, 1973 (Article 5429c—1, Vernon's Texas Civil Statutes).

Filing of documents with board

Sec. 9. The governing body of a public retirement system that is required by Chapter 594, Acts of the 65th Legislature, Regular Session, 1977

(Article 6228i, Vernon's Texas Civil Statutes), to publish an annual financial report and conduct a triennial actuarial analysis shall file with the board a copy of each financial report and each actuarial report.

Initial appointments

Sec. 10. In making the initial appointments to the board, the governor shall appoint three persons to terms expiring January 31, 1981, three persons to terms expiring January 31, 1983, and three persons to terms expiring January 31, 1985.

Effective date

Sec. 11. This Act takes effect on September 1, 1979.

Emergency

Sec. 12. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on May 12, 1979, by a non-record vote; passed by the Senate on May 23, 1979, by a viva-voce vote.

Approved June 13, 1979.

Effective Sept. 1, 1979.

**CITIES AND TOWNS—VALIDATION OF
INCORPORATION AND BOUNDARIES**

CHAPTER 767¹³

H. B. No. 1552

An Act relating to validation of the incorporation and boundaries of general law municipalities.

Be it enacted by the Legislature of the State of Texas:

Incorporation proceedings

Section 1. The incorporation proceedings of all cities and towns incorporated or attempted to be incorporated under the general laws before the effective date of this Act, which have functioned or attempted to function as incorporated cities or towns since their incorporation or attempted incorporation, are validated in all respects as of the date of the incorporation or attempted incorporation. The incorporation proceedings may not be held invalid because they were not performed in accordance with law.

53. Vernon's Ann.Civ.St. art. 974d—30,
§§ 1 to 3.